



STATE OF WASHINGTON

## ECONOMIC AND REVENUE FORECAST COUNCIL

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OLYMPIA, March 15, 2007 --- The economic outlook, both nationally and locally, has changed very little since the forecast adopted in November, however, revenue collections since the last forecast have been higher than expected. The upward revision to the revenue forecast in the current biennium is due to continued strength in revenue collections while the small downward revision to the revenue forecast in the next biennium is due to a slightly weaker housing outlook. Overall, the revenue forecast has been increased by \$126.5 million for the 2005-07 and 2007-09 biennia combined.

The March 2007 General Fund-State revenue estimate for the 2005-07 biennium is \$27,510.1 million. The new forecast is \$144.3 million more than expected in November of which \$68.2 million is due to collection experience during the four months since the last forecast. The forecast for the 2007-09 biennium is \$29,515.5 million, which is \$17.8 million lower than expected in November.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 and 2007-09 biennia. The forecast based on more optimistic economic assumptions netted \$181 million (0.7 percent) more revenue in the current biennium and \$1,475 million (5.0 percent) more revenue in the next biennium than did the baseline while the pessimistic alternative was \$188 million (0.7 percent) lower this biennium and \$1,608 million (5.4 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$23 million (0.1 percent) less revenue this biennium and \$235 million (0.8 percent) less revenue next biennium than did the baseline forecast.

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